



faith . discipline . patience



Duke University's basketball coaching icon, Mike Krzyzewski ended his career a week-ish ago, (or should I say UNC did) with over 1200 victories and a winning percentage nearing .800. He became head coach of Duke in 1980 and in his first 3 seasons his teams were 37-47. Got me wondering, would such a slow start be tolerated these days? Clearly Duke's patience and investment in him and his process paid off for many decades to come. As I reflected on his slow start I could not help but remember how often investors give up on an investment/strategy prematurely. Today many investors seem to have a "Year To Date" or "Trailing 12 months" mindset. Regarding short-term results, luck is the dominant determinate of success. Many people confuse good luck, and a bull market, with brains. I am not sure a young "Coach K" would be given a third or fourth year in today's impatient world...So, if you have been working with me for less than 4 years, and are not happy with results –hang in there ☺!!! (And, I too have a K-man ending in "ski") *"The stock market is a devise for transferring money from the impatient to the patient,"* Warren Buffett.



Sticking with sports, baseball is back! As I like to tell my "players" (aka-clients), I believe the best strategy for investing is trying to hit singles and doubles. Sure swinging for the fences is way more fun--as HOF pitcher Tom Glavine famously lamented in 90's commercials-- *"chicks dig the long ball"*. But remember it is often the case homerun leaders are also strikeout leaders. (Looking at you IPO buyer! Timers. Chasers. Concentrators...) Ever changing leadership is a big reason why diversification—*the investment equivalent of hitting singles*—is so valuable and wise. Diversification helps ensure that your portfolio is never concentrated in the worst-performing assets. In this way, you can win by not losing. While you may never win the "division" with diversification—to beat this metaphor to death, being a perennial contender will buy you a lot of "peanuts and cracker jacks" in retirement. As mama' used to say, *"chicks dig the long view."*

Rate Hike Cycle	DJIA	S&P 500	Nasdaq
Feb. 1994 to July 1995	16.30%	13.80%	18.10%
March 1997 to Sept. 1998	17.40%	32.60%	40.00%
June 1999 to Jan. 2001	-1.60%	-5.00%	-13.30%
June 2004 to Sept. 2007	28.70%	30.00%	26.90%
Dec. 2008 to July 2019	213.70%	243.10%	442.00%
Average % Change	54.90%	62.90%	102.70%
Median % Change	17.40%	30.00%	26.90%

Source: Dow Jones Market Data



Rates are rising—run for your lives!? Maybe not. Not sure where the notion that when the Fed is in a rate rising cycle, that is bad news for stock prices? According to data from Dow Jones Market Data, during the last 5 rate high cycles, the leading indexes in this country only temporarily declined once—and only the Nasdaq’s decline was double-digit. *“We’ve all seen dramatic correspondents breathlessly announcing Fed meeting results over scratchy phone lines, as market stats dive into the red,”* – Forbes. R-E-L-A-X. Step away from the sell button. Rates have been unusually low for a long time, and seem to be moving to a little less unusually low as the Fed does what it thinks necessary to keep tamp down inflation.



Tax season scam alert—watch out. Social security will **not** call you. They will not threaten your benefit, ask you to wire money, insist you send cash.... I’m reading and hearing scammers working the phones hard these days calling to alert the unwary , vulnerable....about “suspicious activity” in their Social Security account. Do not trust caller ID. Mostly-- **Don’t give out your social security number**. This is the holy grail for the bad guys. Even if you are water boarded, stay strong...if electrocuted, don’t cave...say nothing even if you are forced to listen to “Baby Shark” for hours! (Well maybe... 😊.) But seriously, if there is a problem with your Social Security number or record, they will alert you through the mail. Activity is higher this time of year as hackers try to file for tax refunds fraudulently. And higher still during the pandemic. *“The scammers play on emotion, generally fear, to get people to act without thinking.”* Andrew Saul, SSA. (Sounds like same tactic used by some in financial “news”)



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